

MINUTES
MICHIGAN STATE TRANSPORTATION COMMISSION MEETING
June 19, 2002
Lansing, Michigan

Meeting noticed in accordance with Open Meetings Act, Public Act 267 of 1976.

Present: Barton LaBelle, Chairman
 Ted Wahby, Vice Chairman
 Betty Jean Awrey, Commissioner
 Lowell Jackson, Commissioner
 John Garside, Commissioner
 C. Robert Baillod, Commissioner

 Charles Krupka, Commission Advisor
 Jerry Jones, Commission Auditor
 Vickie Plummer, Executive Secretary
 Pat Isom, Assistant Attorney General
 Greg Rosine, Director
 Barb Hayes, Chief Administrative Officer
 Larry Tibbits, Chief Operations Officer
 Philip Kazmierski, Bureau of Urban and Public Transportation
 William Gehman, Bureau of Aeronautics
 Wayne Niles, Bureau of Finance and Administration
 Louis Lambert, Bureau of Transportation Planning
 Tom Maki, Office of Strategic Planning & Initiatives

A list of those people who attended the meeting is attached to the official minutes.

Chairman LaBelle called the meeting to order at 9:15 a.m. in the Bureau of Aeronautics Auditorium, Lansing, Michigan.

COMMISSION BUSINESS

Commission Minutes

It was moved by Vice Chairman Wahby, with support from Commissioner Jackson, to approve the minutes of May 23, 2002, as submitted. The motion carried on a unanimous voice vote.

OVERSIGHT

Commission/State Administrative Board Contracts and Agreements (Exhibit A)

Charles Krupka, Commission Advisor, reported that Item Nos. 9, 10, and 11 of Exhibit A have been withdrawn.

It was moved by Commissioner Garside, with support from Commissioner Baillod, to grant approval to the Department to proceed with the contract process. The motion carried on a unanimous voice vote.

Bid Letting Pre-Approvals (Exhibit A-1 & Supplemental A-1)

It was moved by Commissioner Jackson, with support from Vice Chairman Wahby, to grant approval to the Department to proceed with the contract process. The motion carried on a unanimous voice vote.

Letting Exceptions (Exhibit A-2)

It was moved by Commissioner Awrey, with support from Commissioner Garside, to grant approval to the Department to proceed with the contract process. The motion carried on a unanimous voice vote.

Contract Adjustments

Phil Lynwood, Bureau of Highways Technical Services, reported on the contract extras and overruns, Exhibit B. Item 2002-34 has been added to the Department projects and Item 2002-38 has been modified. Item 2002-36 has been added to the Local Agency projects.

It was moved by Commissioner Awrey, with support from Commissioner Baillod, to approve the contract adjustments. The motion carried on a unanimous voice vote.

State Long Range Plan (Exhibit C)

Lou Lambert, Deputy Director, Bureau of Transportation Planning, requested the Commission's approval to finalize, print and distribute the State Long Range Plan. The purpose of this plan is to preserve present mobility, manage the roadway system, prioritize investments, and it also incorporates the concept of asset management. Safety concerns and technology issues are also addressed within the document. The comment period for the document will be completed next week.

Commissioner Jackson commented that the revenue discussion within the document is weak in understanding the difference between needs and available monies over the 25-year period. Mr. Lambert explained that an attempt was made to show that, in order to provide the same level of program delivery and buying power over a period of time, a revenue gap will develop. Federal requirements for large projects include financial planning and this document is a precursor for the Department to start developing a way to do this, and to help local areas to look for ways to fund projects.

Chairman LaBelle agreed with Commissioner Jackson that the Department has a responsibility to educate the public, and other policy makers, regarding the disparity between the demands of the long range plan and the available resources. The Department was requested to strengthen the section of the document regarding revenues.

The Chairman requested the Department provide a final draft of this document at their July meeting, at which time the Commission will consider approval of the State Long Range Plan for distribution.

RESOLUTIONS

State Transportation Fund Refunding Bonds

Ed Timpf reported the proposed bonds will enable the Department to refund the State of Michigan Trunk Line Transportation Bonds and the State of Michigan Trunk Line Transportation Refunding Bonds, for present value savings of approximately \$5 million.

The Department requests the Commission to adopt this resolution to designate the Director of the Michigan Department of Transportation (MDOT) as the officer to declare official intent to circulate official statements and authorize the sale of the bonds.

It was moved by Vice Chairman Wahby, with support from Commissioner Awrey, to adopt the resolution as submitted. The motion carried on a unanimous roll-call vote.

Aeronautics Airport Safety & Protection Plan Program Bonding and Comprehensive Transportation Fund Bonding Resolution

Ed Timpf, Bureau of Finance and Administration, reported these bonds will fund the Comprehensive Transportation Fund (CTF) to match available federal aid, and a five-year Airport Safety and Protection Plan program providing \$1 billion for capital improvements in airports throughout the state.

The Department requests the Commission to adopt this resolution to designate the Director of the Michigan Department of Transportation (MDOT) as the officer to declare official intent to circulate official statements and authorize the sale of the bonds.

It was moved by Vice Chairman Wahby, with support from Commissioner Jackson, to adopt the resolution as submitted.

After some discussion on this issue, and concerns expressed regarding bonding CTF projects, Chairman LaBelle asked the Department to provide additional information on their priorities for bonding CTF projects, and how this effort fits into the long range plan. The Chairman expressed the need to have more time to review this information prior to the Commission adopting the proposed resolution.

Vice Chairman Wahby withdrew his original motion.

It was then moved by Vice Chairman Wahby, with support from Commissioner Awrey, to separate the CTF bond resolution from the Aeronautics bond resolution and to approve the Aeronautics bond resolution as submitted. The CTF project list will be forwarded to the Legislature for their 30-day review, and the CTF bond resolution will be submitted to the Commission at their July meeting for consideration of approval. The motion carried on a unanimous roll-call vote.

PRESENTATIONS

Director's Report

Director Rosine reported that 513 department employees have opted for early-out retirement, with an approved replacement ratio of two for three. A short-term productivity dip to get programs out is expected, but the Department will be reviewing their processes for improvements. Key positions are being filled prior to staff leaving to help in the transition, and some areas will be reorganized.

The Legislature is expected to pass, in the next few days, legislation to establish a Transportation Asset Management Council responsible to the Transportation Commission.

As the result of a micro surfacing project on I-96, more than 900 claims have been processed to date to have emulsion removed from vehicles. The Department is working with the insurance company and the contractor to quickly remedy the situation.

The Department has been meeting with the construction industry to discuss warranties. Discussions have included limiting total liability for contractors, initially limiting performance

warranties to reconstructed pavements, passthrough bonding for actual pavement work, and a review of road-base conditions and an approval process for review. At a future Commission meeting, the Department will provide a list of projects that will include seven-year performance warranties.

Electronic Bidding Process

Wayne Roe, Bureau of Finance and Administration, provided the Commission an update of the Department's electronic bidding process. In November, after testing and having a security audit performed, the Department implemented two-way electronic bidding. In November there were only 23 contractors subscribing to Bid Express, and by June there were 53 contractors subscribing to the service. The number of contractors actually submitting bids electronically has also increased significantly. Until June, duplicate electronic and paper bids were submitted. At the request of construction industry, and after several months of testing the electronic Bid Express system, the Department decided to accept electronic bids without paper back-up. Of the 204 bids submitted in June, there were 121 that were submitted electronically without paper, and with no errors on any of those bids. The Department will continue to proceed cautiously.

Some lessons learned during this process are that accepting paper and electronic bids together is burdensome; time is saved because the contractors do not have to travel to Lansing; Bid Express does not handle addenda or designated and specialty item page issues the same, so work-arounds have to be done; and, keypunching time and staff time have been reduced as a result. The Department expects to see more contractors enrolled on the system since paper bidding has now been made optional.

To date there have been no concerns or complaints received regarding the new system and the Department will continue to encourage the use of the Bid Express system. After the July letting, Department advertisements will be fully electronic and remote sights in Grand Rapids and Southfield will be discontinued. Beginning in 2004, lettings will take place at a Department site so the letting process can be directly linked to Bid Express allowing results to go directly to the letting site. It is expected that in 2004 the Department will move to a live web cast of the letting, making travel to Lansing unnecessary.

ADJOURNMENT

Chairman LaBelle adjourned the meeting at 10:30 a.m.

Commission Advisor